

Congressman Ron Paul U.S. House of Representatives June 25, 2002

Introduction of the Public Safety Tax Cut Act:

Mr. Speaker, I am pleased to introduce the Public Safety Tax Cut Act. This legislation will achieve two important public policy goals. First, it will effectively overturn a ruling of the Internal Revenue Service which has declared as taxable income the waiving of fees by local governments who provide service for public safety volunteers.

Many local governments use volunteer firefighters and auxiliary police either in place of, or as a supplement to, their public safety professionals. Often as an incentive to would-be volunteers, the local entities waive all or a portion of the fees typically charged for city services such as the provision of drinking water, sewer charges, or debris pick up.

Local entities make these decisions for the purpose of encouraging folks to volunteer, and seldom do these benefits come anywhere near the level of a true compensation for the many hours of training and service required of the volunteers. This, of course, does not even mention the fact that these volunteers very possibly could be called into a situation where they have to put their lives on the line.

Rather than encouraging this type of volunteerism, which is so crucial, particularly to America's rural communities, the IRS has decided that the provision of the benefits described above amount to taxable income. Not only does this adversely affect the financial position of the volunteer by imposing new taxes upon him or her, it has in fact led local entities to stop providing these benefits, thus taking away a key tool they have used to recruit volunteers. That is why the IRS ruling in this instance has a substantial negative impact on the spirit of American volunteerism. How far could this go? For example, would consistent application mean that a local Salvation Army volunteer must be taxed for the value of a complimentary ticket to that organization's annual county dinner? This is obviously bad policy.

This legislation would rectify the situation by specifically exempting these types of benefits from federal taxation.

Next, this legislation would also provide paid professional police and fire officers with a \$1,000 per year tax credit. These professional public safety officers put their lives on the line each and every day, and I think we all agree that there is no way to properly compensate them for the fabulous services they provide. In America we have a tradition of local, as opposed to federal, law enforcement and public safety provision. So, while it is not the role of our federal government to increase the salaries of local officers, it certainly is within our authority to increase their take-home pay by reducing the amount of money that we take from their pockets via federal taxation, and that is something this bill specifically does as well.

President George Bush has called on Americans to volunteer their time and energy to enhance public safety. Shouldn't Congress do its part by reducing taxes that discourage public safety volunteerism? Shouldn't Congress also show its appreciation to police officers and fire fighters by reducing their taxes? I believe the answer to both of these questions is a resounding "Yes," and therefore I am proud to introduce the Public Safety Tax Cut Act. I request that my fellow Members join in support of this key legislation.